

Message Text

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C O N F I D E N T I A L REYKJAVIK 1445

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: EUROPEAN CHIEFS OF MISSION MEETING: UPDATING OF
PERSONAL ASSESSMENT OF U.S. - ICELANDIC RELATIONS

REF: (A) STATE 231853; (B) REYKJAVIK 1192

1. THE FOLLOWING IS A COMPLETE REPLACEMENT FOR THE
ASSESSMENT TRANSMITTED BY REFTEL (B).

2. ICELANDIC-U.S. RELATIONS HAVE NEVER BEEN BAD. THEY
HAVE BEEN BETTER THAN THEY ARE TODAY, BUT STILL CAN BE
DESCRIBED AS VERY GOOD. ICELANDERS ARE BASICALLY ISOLATIONIST
AND SELF-CENTERED. THEY VIEW INTERNATIONAL RELATIONS IN THE
CONTEXT OF DOMESTIC ISSUES. STATESMANSHIP AMONG THEIR LEADERS
DEFINITELY TAKES SECOND PLACE TO DOMESTIC POLITICAL CON-
SIDERATIONS. THEY DO NOT GENERALLY CARE ABOUT INTERNATIONAL
ISSUES WHICH DO NOT DIRECTLY CONCERN THEMSELVES. IN CASES OF THIS
KIND THEY USUALLY CONFORM TO THE PRINCIPLE OF NORDIC
SOLIDARITY, BUT WHEN THIS IS CONTRARY TO U.S. INTERESTS
THEY CAN BE PERSUADED TO MODERATE THEIR POSITION IF ONE
OTHER NORDIC COUNTRY WILL JOIN THEM IN BREAKING RANKS.

3. FROM THE U.S. POINT OF VIEW ICELAND IS A ONE-ISSUE POST:
RETENTION OF THE U.S. -MANNED NATO NAVAL BASE WHICH IS
CURRENTLY BEING CHALLENGED BY THE LEFT-ORIENTED GOVT THAT
CAME TO POWER IN 1971 AND BY AN INCREASING NUMBER OF ICELANDERS,
MOSTLY OF THE POST WORLD WAR II GENERATION, WHO BELIEVE DE-
TENTE HAS BEEN ACHIEVED AND HENCE THE BASE IS REDUNDANT.
NEGOTIATIONS ARE CURRENTLY UNDER WAY TO FIND A MODUS VIVENDI
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FOR RETENTION IN THE FACE OF THE GOVT'S ANNOUNCED POLICY OF

"HAVING THE DEFENSE FORCE LEAVE ICELAND STEP BY STEP, THE AIM BEING TO HAVE THE DEPARTURE OF THE DEFENSE FORCE TAKE PLACE DURING THE ELECTION TERM" (WHICH ENDS JUNE 1975). TECHNICALLY UNDER THE REVIEW TERMS OF THE U.S.-ICELAND DEFENSE AGREEMENT OF 1951, WHICH ICELAND INVOKED JUNE 25, 1973, IF A SATISFACTORY ARRANGEMENT IS NOT REACHED BY DECEMBER 25, 1973, ICELAND CAN UNILATERALLY RENOUNCE THE AGREEMENT ANY TIME THEREAFTER AND THE BASE MUST BE WITHDRAWN WITHIN 12 MONTHS OF RENUNCIATION. BECAUSE THE GOVT IS COMPOSED OF THREE PARTIES (ONE OF WHICH IS COMMUNIST) WHO HAVE DIFFERENT INTERPRETATIONS OF THE ANNOUNCED POLICY, THE ICELANDIC NEGOTIATORS HAVE BEEN UNABLE TO ENTER INTO REALISTIC NEGOTIATIONS AND THE U.S. IS LEFT WITH THE PROBLEM OF FINDING A SOLUTION ACCEPTABLE AT LEAST TO TWO OF THE THREE GOVT PARTIES WITHOUT LOSING SUPPORT OF THE NON-GOVT PRO-BASE PARTIES WHICH HAVE VIEWS OF THEIR OWN. IF WE CAN KEEP THE BASE ISSUE FROM AGAIN BECOMING EMOTIONALLY LINKED WITH SOME EXTRANEIOUS ISSUE (AS HAPPENED IN THE CASE OF THE FISHERIES DISPUTE WITH THE BRITISH WHICH CREATED MUCH ANTI-NATO AND ANTI-BASE SENTIMENT UNTIL AN INTERIM SETTLEMENT WAS REACHED NOV 13, 1973), WE BELIEVE WE CAN SUCCEED IN RETAINING THE BASE WITHOUT IMPAIRMENT OF ITS BASIC MISSION.

4. GIVEN THE HEAD IN THE SAND ATTITUDE OF THE CURRENT GOVT LEADERS IT WAS PERHAPS TO BE EXPECTED THAT THEY WOULD TRY TO CONVINCE THEMSELVES THAT RECENT MIDDLE EAST EVENTS WERE FAR REMOVED FROM AND HAD NO BEARING ON THE SECURITY OF ICELAND. WHILE U.S.-USSR CONFRONTATION WAS HIGHLIGHTED IN THE MEDIA AND RESULTING U.S.-WESTERN EUROPEAN DISAGREEMENT FEATURED, THE WHOLE MATTER WAS TREATED AS BEING REMOTE TO ICELANDIC INTERESTS.

5. WITH REGARD TO THE ENERGY SHORTAGE, ICELAND IS FORTUNATE IN THAT IT HAS AN ABUNDANCE OF HYDRO-ELECTRIC AND GEOTHERMAL POWER. FOR PETROLEUM, HOWEVER, TO FUEL ITS FISHING VESSELS, VEHICLES, FREEZING PLANTS, AND HOMES OUTSIDE OF THE CAPITAL, IT IS COMPLETELY DEPENDENT ON SOVIET OIL. THERE IS QUIET SATISFACTION THAT ICELAND IS NOT INVOLVED IN SHORTAGES NOW FACING THE U.S. AND WESTERN EUROPE. ON THE OTHER HAND, A RECENT 70 PERCENT RISE IN SOVIET PRICES HAS CAUSED AN

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UNCOMFORTABLE FEELING THAT ICELAND CAN BE SUBJECTED TO POLITICAL PRESSURE THROUGH OIL. IT IS OUR OBJECTIVE TO MAKE SURE THAT ICELAND'S RELIANCE ON THE SOVIETS FOR OIL DOES NOT HAVE A NEGATIVE IMPACT ON THE DEFENSE FORCE NEGOTIATIONS AND TO CONVINCE ICELAND TO RECOGNIZE THAT SOLIDARITY WITH THE U.S. IN THE MIDDLE EAST AND IN OTHER CONFRONTATIONS IS VERY MUCH TO HER LONG-TERM INTEREST.

6. TO SUM UP, WE HAVE PROBLEMS WITH ICELAND, THEY CAN BE
OVERCOME, AND TIES WITH THE U.S. WILL REMAIN STRONG.
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